March 22, 2011 229018

Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: Ex Parte No. 705

We do not need additional RR regulation. With the government under increasing pressure to expand the economy and create jobs, all the while restraining spending growth, any action by the STB to adopt policies that would discourage private investment in this country's transportation infrastructure would be unwise and extremely counterproductive. Instead, the STB should focus its resources on actions that will encourage investment and promote this country's continued economic recovery.

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Just as America is pulling itself out of the worst recession in more than 80 years- and is being helped tremendously by the private capital investments, economic activity and job growth created by the nation's freight railroads – the Surface Transportation Board is signaling it may consider changing the very rules that have fostered rail's role as a key economic driver.

Now is not the time for regulators to promote policies that restrict rail earnings and threaten private investment. Attempts to re-regulate the freight rail industry will have catastrophic results. When the prospects of earning returns on investment decrease and railroads are faced with huge revenue shortfalls, spending on infrastructure and equipment will cease. Existing track and equipment will deteriorate and plans for new capacity will be scraped. Inevitably, rail service will become slower, less responsive, less affordable and less efficient.

All this will lead to disastrous consequences for businesses and consumers alike. The federal government should maintain the regulatory framework in place today, one that enables the self-sustaining freight railroads to remain financially healthy and meet the challenges of building a 21st century transportation system.

More than a century ago, our nation's railroads were instrumental in triggering economic expansion and job creation. Today, freight railroads continue to drive our economy. Not only does freight rail deliver what American businesses need and consumers want, but in doing so they create and support vital jobs, provide affordable and efficient service and get American goods to the global marketplace. Freight railroads, unlike other modes of transportation that travel on heavily subsidized highways and waterways, finance nearly all of their infrastructure and equipment spending themselves. Since 1980 they have re-invested $480 billion in private capital back into their operating network, and for the last three years spent $10 billion annually growing and modernizing a rail network that is considered the safest, most affordable and most efficient in the world.

Today's regulatory framework has created a reasonable balance between railroads and their customers. Since 1980, average railroad rates have fallen by 55 percent since 1980, the amount of traffic moved by freight rail has nearly doubled, accidents are down by 75 percent and service has improved tremendously.

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**KEY MESSAGING POINTS**

## Supporting a healthy freight rail network means job growth and continued U.S. economic recovery.

### Freight rail is a jobs engine.

- Today employs 155,000 workers and generates $265 billion in annual economic activity.
- Supports 1.2 million jobs at businesses that supply and are customers of railroads all around the U.S.
- Every $1 billion spent on rail infrastructure supports 20,000 jobs.
- Railroad employment is up 5.2 percent in 2010 from 2009, and railroads are positioned for job growth.
- Railroad employees are highly compensated, with average full-time rail workers (including Amtrak) seeing total annual compensation of roughly $107,085 (wages + benefits).

### Freight rail moves the things critical to keeping our economy running and getting American goods to global markets.

- Accounts for 43 percent of all intercity freight, more than any other mode of transport.
- Moves close to 70% of all automobiles produced in the U.S., 35 % of our nation's grain and 70% of the coal which provides more than 50% of our nation's electricity.
- Moves a third of all U.S. goods and materials bound for export – worth more than $190 billion.
- Provides the literal foundation for intercity passenger and high-speed rail in the U.S. – tens of thousands of commuter rail trips each year occur over rights-of-way owned by freight railroads.

### Freight rail makes private investments in a healthy rail network that delivers what business needs and consumers want.

- Since 1980 has spent $480 billion, or more than 40 cents out of every revenue dollar, building maintaining and growing America's national rail network that serves both passengers and freight customers.
- Carries a ton of goods 480 miles on a single gallon of fuel and moves the load of 280 trucks, thereby reducing pollution, easing highway congesting and preserving fuel.
- Takes millions of trucks a year off of the highways improving highway safety and reducing the need to spend scarce tax dollars on highways.
- If just 10% of truck traffic were shifted to rail, over a billion gallons of diesel fuel would be saved annually and 12 million tons of $CO2$ would not be emitted.

### Today's regulatory framework works for railroads, customers and communities.

- Given rise to the safest, most efficient, most reliable and most affordable freight rail system in the world – with rates roughly half of what they were in 1980.
- Freight railroads invest in the nation's rail system so the government doesn't have to.
- The $480 billion in private capital investments since 1980 has built a rail system that is a competitive advantage for American companies and the envy of the world.